

The Grand Union Company

Report to Stockholders

Fiscal Year Ended

March 3, 1945

OFFICERS

J. SPENCER WEED	-	-	-	-	-	-	-	- President
LANSING P. SHIELD	-	-	-	-	-	-	-	- Vice-President
LOUIS C. WADMOND	-	-	-	-	-	-	-	- Vice-President
THOMAS C. BUTLER	-	-	-	-	-	-	-	- Treasurer
HENRY N. BURKE	-	-	-	-	-	-	-	- Secretary

‘ ‘ ‘

DIRECTORS

PEMBERTON BERMAN

HENRY A. COLGATE

JACOB L. HAIN

GEORGE C. MAY

RAY MORRIS

LANSING P. SHIELD

J. SPENCER WEED

‘ ‘ ‘

Proxies for the annual meeting of stockholders to be held May 23rd, 1945 will be requested later and the mailing to stockholders of the notice of meeting, proxy statement and proxy will be commenced on or about April 30, 1945.

This annual report is not sent to you in connection with the solicitation of proxies for the annual meeting and is not to be deemed to be incorporated in the proxy soliciting material by reference.

April 27, 1945

TO THE STOCKHOLDERS:

Our statement for the fiscal year ended March 3, 1945, showing consolidated balance sheet, consolidated net income and surplus is submitted herewith, together with certificate of our auditors, Messrs. Lybrand, Ross Brothers and Montgomery.

Sales for the year (53 weeks) amounted to \$50,130,957. compared with \$43,897,632. for the preceding fiscal year (52 weeks). Net income, after depreciation, federal income taxes and provision for contingencies, was \$505,842., or \$2.27 per share on 222,738 shares of Capital Stock outstanding, as against \$414,549., or \$1.86 a share a year ago. Federal income taxes were \$445,000. compared with \$335,000.

The Board of Directors has deemed it wise to set aside out of earnings, as was done last year, a reserve of \$100,000. for contingencies which may arise from changing inventory valuations and abnormal obsolescence of fixtures and equipment.

Dividends amounting to \$1.00 per share were declared during the fiscal year compared with 50¢ the year before. A dividend of 35¢ per share has been declared payable June 11, 1945, to stockholders of record May 21, 1945.

At the close of the year we were operating 329 stores, in 163 of which there were meat departments, and in the route division there were 801 salesmen operating house to house sales routes.

The Board of Directors has formulated for action by the stockholders an Employees Retirement Plan, which is described in a letter and the proxy statement which will be mailed to you shortly.

War conditions and resultant governmental regulations continue, to a considerable degree, to set the pattern for our business and, under this, procurement of adequate supplies and obtaining manpower are the most difficult problems. As we are not to any extent engaged in manufacturing or wholesaling and, hence, not suppliers to the government, our post war problems are not those of renegotiation or reconversion. Essentially they are problems of policy and along this line it is our present intention to close the smaller outlying stores and proceed with the development of the larger self-service type of market. When the war is over we plan to consolidate this development into a smaller geographic area to take advantage of the greater efficiencies and the more economical operation which such a plan will make possible.

Again this year, as in the past, it is a pleasure to express our appreciation to all of our employees for their cheerful cooperation and hard work in carrying on the business in the midst of many adverse and difficult conditions.

We bow in reverence to the memory of the 23 men of our organization who have died in the service of their country.

To the 1250 former employees who are still serving their country we pledge a hearty welcome when they come home to our organization.

J. SPENCER WEED,
President.

THE GRAND UNION
AND ITS SUBSIDIARIES
CONSOLIDATED
March 31, 1933

A S S E T S

Current assets:

Demand deposits in banks and cash on hand	-	-	-	-	-	\$2,115,038.10
---	---	---	---	---	---	----------------

United States Government obligations, at cost (at market quotations, \$353,700)	-	-	-	-	-	350,000.00
--	---	---	---	---	---	------------

Accounts receivable:

Trade	-	-	-	-	-	-	\$ 357,003.71
Miscellaneous	-	-	-	-	-	-	121,062.14
							478,065.85
Less, Allowance for losses	-	-	-	-	-	-	145,980.27
							332,085.58

Inventories at the lower of cost or market:

Merchandise	-	-	-	-	-	-	4,151,594.64
Premiums	-	-	-	-	-	-	263,652.45
							4,415,247.09

Costs of inventories at warehouses are determined on the basis of "first in—first out". The "retail method" of accounting is used with respect to inventories at retail outlets.

Total current assets	-	-	-	-	-	-	7,212,370.77
----------------------	---	---	---	---	---	---	--------------

Real estate at costs or written-down amounts, including \$32,275 at amounts appraised by Scott Realty Appraisal Co. as of 1933

Less, Allowance for depreciation of improvements	-	-	-	-	-	71,341.02
						11,163.79
						60,177.23

Mortgages and miscellaneous investments, at costs	-	-	-	-	-	129,079.28
						189,256.51

Less, Allowance for losses on real estate, mortgages and investments	-	-	-	-	-	-	29,908.31
							159,348.20

Machinery, fixtures and equipment at costs, except as to \$561,577.08 at amounts at which revalued as at December 31, 1932 by the Board of Directors

Less, Allowance for depreciation	-	-	-	-	-	-	2,981,133.56
							1,892,241.18
							1,088,892.38

Premium merchandise advanced to customers, at cost less cost of profit-sharing credits

Less, Allowance for losses	-	-	-	-	-	-	464,393.65
							138,139.55
							326,254.10

Expense supplies, prepaid and deferred charges, etc.	-	-	-	-	-	-	332,198.12
--	---	---	---	---	---	---	------------

Good will	-	-	-	-	-	-	1.00
-----------	---	---	---	---	---	---	------

							\$9,119,064.57
--	--	--	--	--	--	--	----------------

ION COMPANY

OBSDIARY

BALANCE SHEET

3, 1945

LIABILITIES

Current liabilities:

Bankers acceptances against coffee received under trust receipts -	-	\$ 139,415.33
Accounts payable and accrued liabilities -	- - - - -	1,473,648.34
Provision for federal taxes on income -	- - - - -	\$ 475,026.41
Less, United States Treasury Savings Notes, Series C, at cost -	300,000.00	175,026.41
Dividend payable -	- - - - -	55,633.00
Amount payable upon surrender of unexchanged certificates for old preference stock, coupons representing distributions on dividend arrearage certificates and scrip for fractional shares of capital stock		14,197.68
Total current liabilities -	- - - - -	1,857,920.76

Employees' fidelity deposits -	- - - - -	125,302.83
--------------------------------	-----------	------------

Reserves:

War and post-war contingencies -	- - - - -	200,000.00
Unredeemed premium tickets -	- - - - -	31,917.49
Self-insurance, fire -	- - - - -	23,411.00
		255,328.49
		2,238,552.08

No provision has been made or is believed to be required for renegotiation refunds to the United States Government.

The company is contingently liable under letters of credit in the approximate amount of \$50,000.

CAPITAL

Capital stock, no par value, authorized 400,000 shares, issued 222,738-12/15 shares -	- - - - -	4,322,248.00
---	-----------	--------------

Note: The 222,738-12/15 shares shown above include 940 shares of capital stock represented by unexchanged certificates for an equal number of shares of old preference stock and 280-8/15 shares of capital stock represented by unexchanged certificates for 4,208 shares of old common stock.

Capital surplus, February 26, 1944 and March 3, 1945 -	- - - - -	497,241.95
Earned surplus since December 8, 1939, as annexed -	- - - - -	2,063,183.18
		6,882,673.13

Less, Treasury stock, 208-3/15 shares, at cost -	- - - - -	2,160.64
		6,880,512.49
		<u>\$9,119,064.57</u>

[illegible]

Selling expenses, salaries of salesmen, managers and superintendents, delivery, advertising and other expenses - - - - -	\$7,474,634.71	
Rentals of retail outlets - - - - -	678,628.99	
General and administrative expenses - -	650,230.27	
Provision for contributions under employees' retirement plan - - - - -	51,000.00	
Allowances for doubtful accounts and premium merchandise advanced to customers	98,050.37	
Taxes, other than federal income - - -	381,591.30	
Depreciation of retail distribution equipment, etc. - - - - -	163,593.63	9,497,729.27
		<u>1,081,675.57</u>

CONSOLIDATED STATEMENT of EARNED SURPLUS
for the fifty-three weeks ended March 3, 1945

Balance, February 26, 1944	-	-	-	-	-	-	\$1,779,881.46
Balance transferred from statement of income	-	-	-	-	-	-	505,842.72
							2,285,724.18
Cash dividends declared	-	-	-	-	-	-	222,541.00
Balance, March 3, 1945	-	-	-	-	-	-	\$2,063,183.18

AUDITORS' REPORT

THE GRAND UNION COMPANY,
New York, N. Y.

We have examined the consolidated balance sheet of THE GRAND UNION COMPANY and its subsidiary as of March 3, 1945 and the consolidated statements of income and surplus for the fifty-three weeks then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making detailed audits of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and earned surplus present fairly the consolidated position of The Grand Union Company and its subsidiary at March 3, 1945 and the consolidated results of their operations for the fifty-three weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the fifty-two weeks ended February 26, 1944.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, April 16, 1945.

